

Pushpay Interim Results 2020



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Important notice

This presentation is given on behalf of Pushpay Holdings Limited (Pushpay).

NZSX:PPH | ASX:PPH | New Zealand Company Number: 3481675 | ARBN: 613 314 104

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All information in this presentation is current at the date of this presentation, unless stated otherwise. All currency amounts are in United States Dollars (USD) unless stated otherwise. Please refer to the Appendix for definitions of key metrics used in this presentation.



Agenda

1. Chief Executive update
2. People and culture
3. A leading cloud-first solution
4. Finance update
5. Outlook
6. Questions



Chief Executive update

Solid growth, expanding operating margin

Operating revenue

US\$56.0 million, up from US\$42.8 million, an increase of 31%

NPAT

US\$6.5 million, up from a loss of US\$4.4 million, an increase of 247%

ARPC

US\$1,272 per month, up from US\$1,060 per month, an increase of 20% over the 12 months to 30 September 2019

Total Revenue

US\$57.4 million, up from US\$44.0 million, an increase of 30%

Operating Cash Flow

US\$8.9 million, up from negative US\$5.1 million, an increase of 274%

Total LTV of Customer base

US\$3.1 billion, up from US\$2.2 billion, an increase of 45%

Annual Revenue Retention Rate

>100%

Gross Profit Margin

65%, up from 57%, an increase of eight percentage points

Cash and Cash Equivalents, and Short-term Deposits

US\$22.9 million, up from US\$13.9 million, an increase of 64% over the six months to 30 September 2019

Total Processing Volume

US\$2.2 billion, up from US\$1.5 billion, an increase of 45%

Staff Headcount

360 staff, up from 354 staff, an increase of 2%

EBITDAF

US\$9.6 million, up from a loss of US\$3.1 million, an increase of 413%

Total Customers

7,905 Customers, up from 7,420 Customers, an increase of 7%

Months to Recover CAC

21.7 months, up from 15.3 months, an increase of 6.4 months

Notes: Unless otherwise stated, the above table compares the performance over the six months ended 30 September 2019 to the six months ended 30 September 2018.

Annual Revenue Retention Rate, ARPC, EBITDAF, Months to Recover CAC, Total Customers, Total LTV of Customer base, Total Processing Volume and Staff Headcount are not GAAP financial measures and are not prepared in accordance with NZ IFRS.

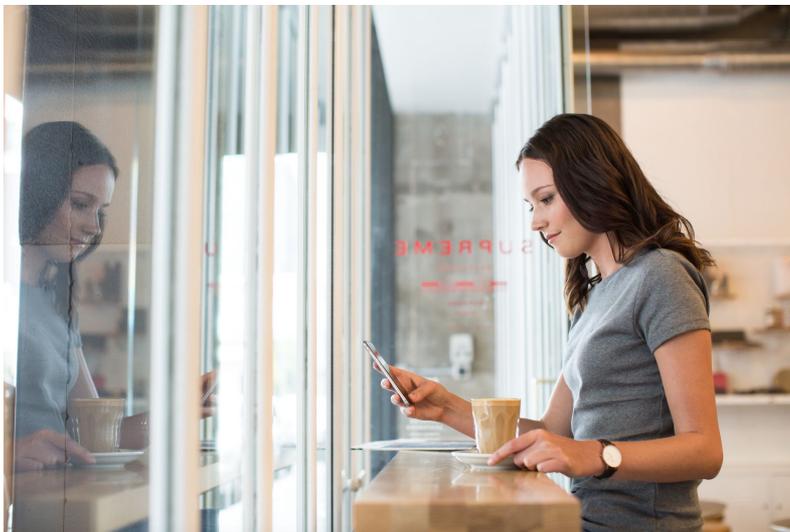


Customers*

7,905
total
Customers
as at 30 September 2019



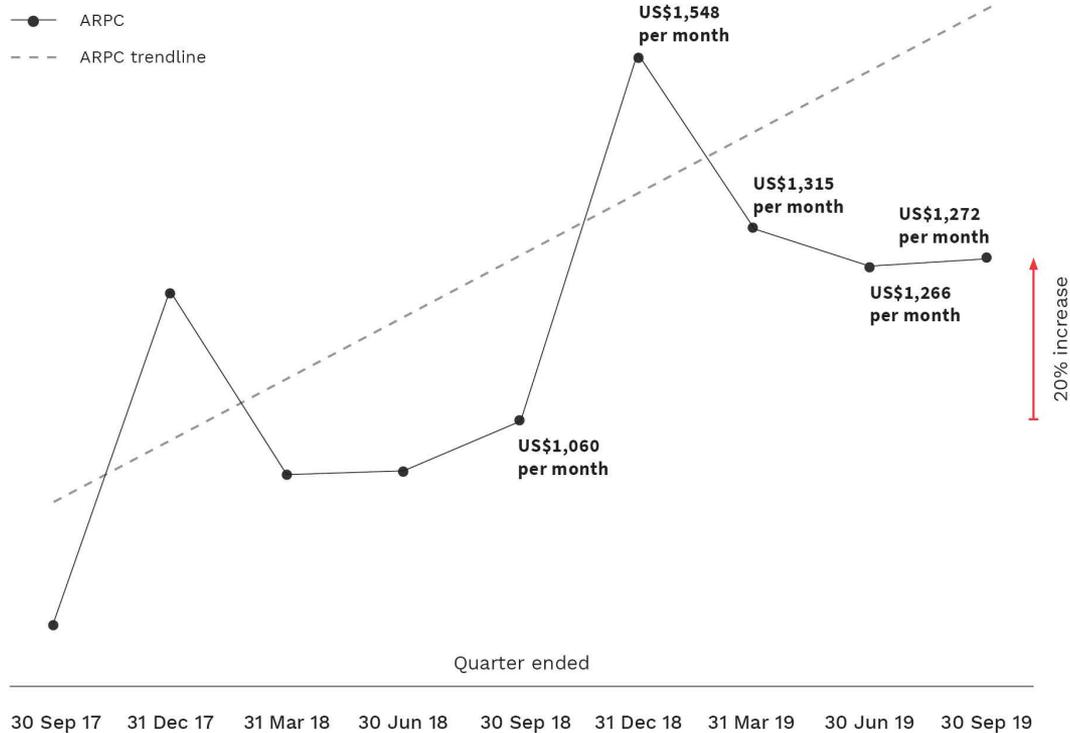
* Map includes locations in North America of Customers which have been added to the Pushpay platform as at 30 September 2019.



“At North Point we are always looking for ways to partner instead of pioneer. With Pushpay we found a partner who understands giving in the local church and handles it the way that we would if we were in their place.”

Rick Holliday, Executive Director of Ministry Services
North Point Community Church

ARPC growth of 20%



Track record of success

- ✓ 31 December 2014 targets achieved
- ✓ 31 March 2015 target exceeded
- ✓ 30 September 2015 target exceeded
- ✓ 31 March 2016 target exceeded
- ✓ 31 December 2017 target exceeded
- ✓ 31 March 2018 target achieved
- ✓ 30 June 2018 target achieved
- ✓ 30 September 2018 target achieved
- ✓ Breakeven on a monthly cash flow basis prior to the end of calendar year 2018 achieved
- ✓ Total revenue, gross margin and positive EBITDAF guidance for the year ended 31 March 2019 achieved

Operating revenue, NPAT and Operating Cash Flow

Operating revenue

US\$56.0 million, up from US\$42.8 million, an increase of 31%

NPAT

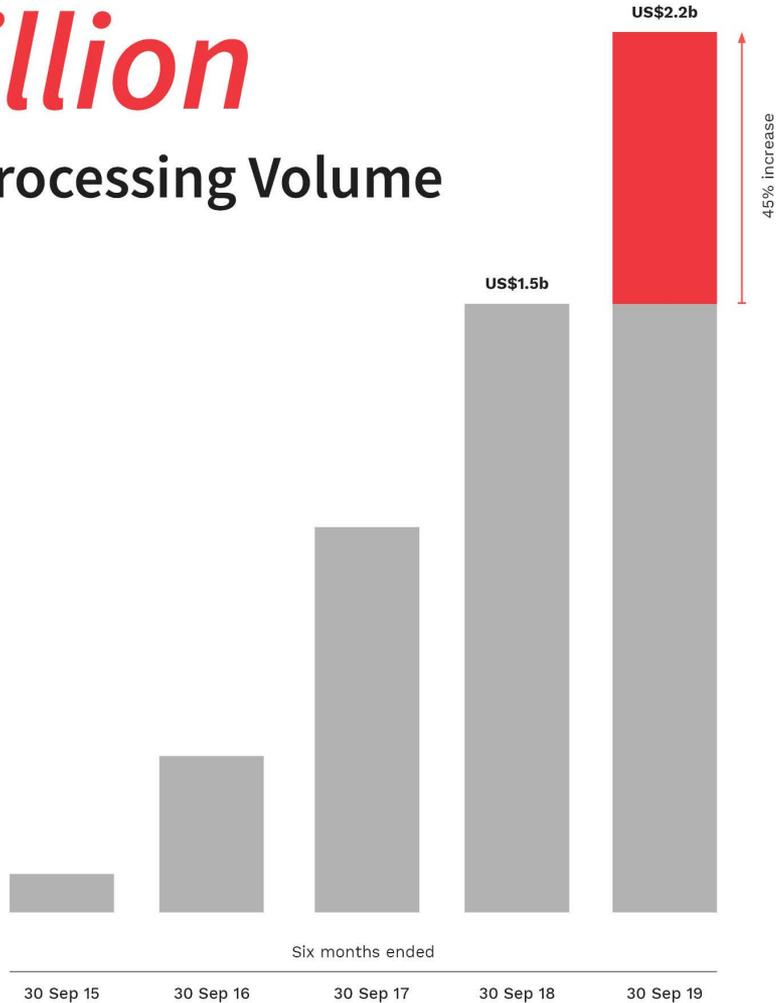
US\$6.5 million, up from a loss of US\$4.4 million, an increase of 247%

Operating Cash Flow

US\$8.9 million, up from negative US\$5.1 million, an increase of 274%

US\$2.2 billion

Total Processing Volume



A group of four young adults are sitting at an outdoor cafe table, laughing and talking. The woman in the center is wearing a grey hat and a plaid shirt. The man to her right is wearing a dark sweater with a white pattern. The man to her left is wearing glasses and a dark shirt. The woman in the foreground is wearing an orange top. There are drinks on the table, including a glass with a green straw and a glass with a red straw. The background is blurred, showing an outdoor setting with plants and a building.

People and culture

Leadership at Pushpay

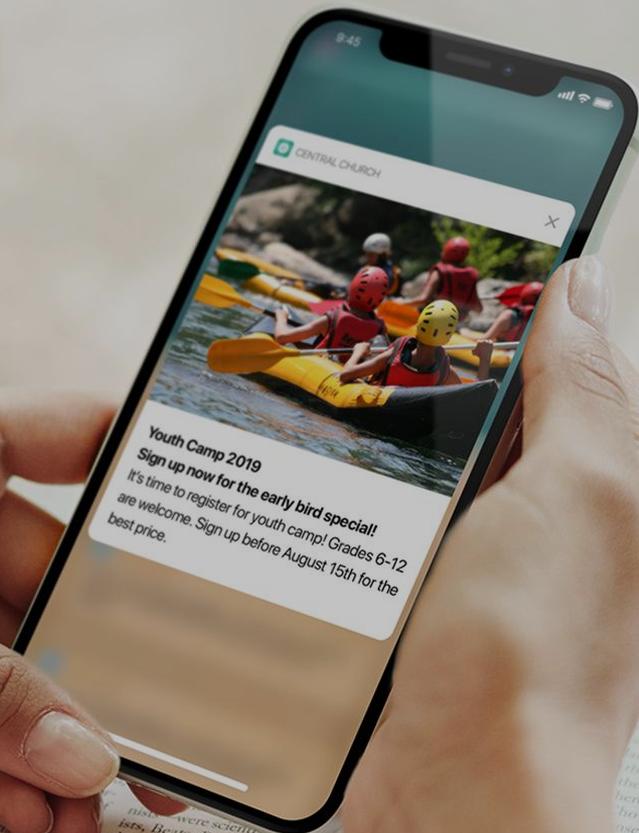


Justine Smyth
Independent Director

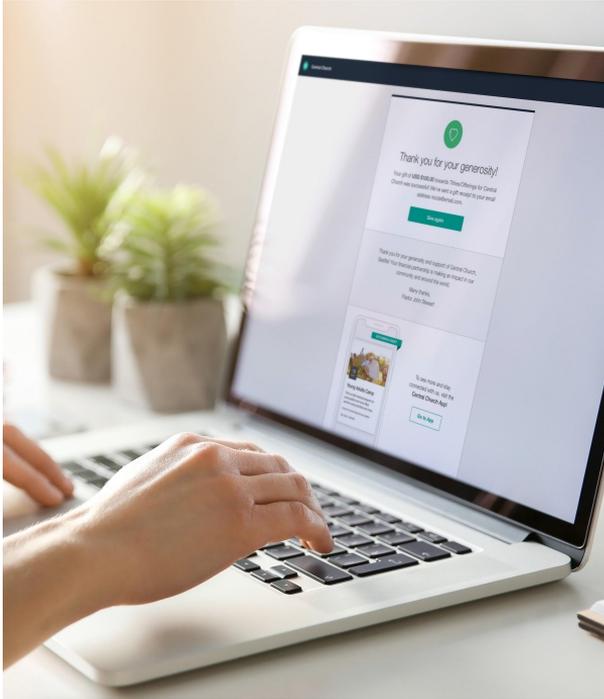


Bruce Gordon
CEO and Executive Director

A leading cloud-first solution



Product design and development



"The church app is one of the main technology tools we leverage to connect with and nurture our community, especially outside of Sunday. We love the related content feature, it surfaces meaningful content and helps our app users to dig deeper into our church community."

Marcus Briggs, Executive Pastor

Riverpark Church

Spring Product Launch May 23, 2019

Nurturing and engaging members while fueling generosity has never been easier.

With **Thank you by Fund**, **Impact Cards** and **Pledge Progress**, Customers can create unique, meaningful communications with their donors. With the addition of **Non-cash** and **Organisational Giving**, Pushpay becomes the source of truth for all giving. **Rich Push Notifications**, **App Badges**, **Related Content** and **Content Cards** drive adoption and engagement in the App while enhancing the user experience.



Positioning

- Customised interactions that nurture members
- All giving through Pushpay
- App engagement and adoption
- Self-help user access
- Industry-leading security and reliability

Summer Product Launch August 28, 2019

Empower donors, decrease administrative burden and increase member communication. **Self-access Giving Statements** and **Donor Campaign Progress** empower church members to self help when it comes to reporting and giving progress.

Attitude Polls and **App Rich Text** improves the user experience and helps the church customise communication. **Shelby Arena** adds to our industry leading number of integrations.

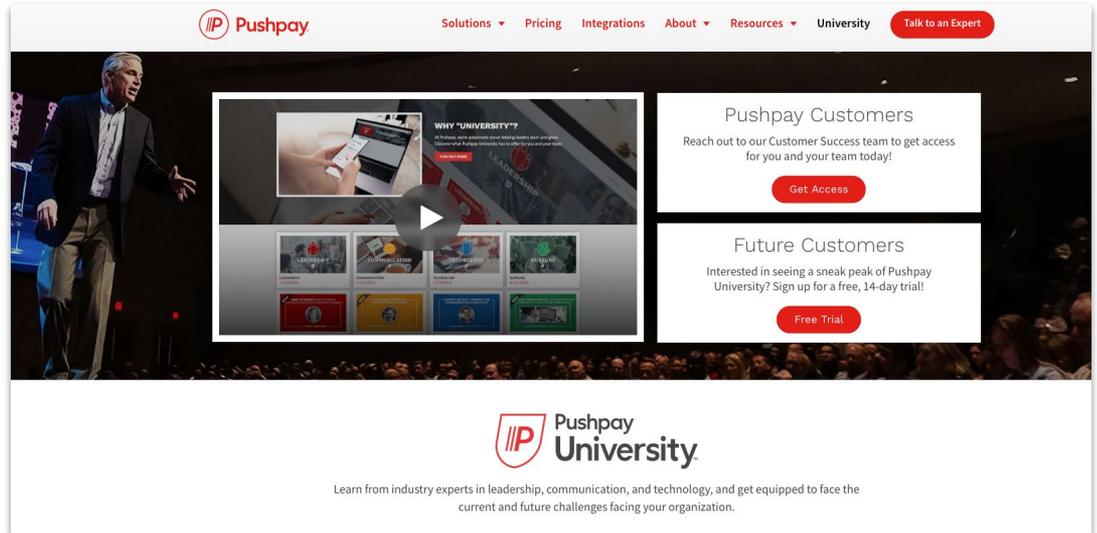


Positioning

- Empower community members
- Save administrative staff time
- Add to our industry leading amount of integrations
- Self-help user access

Pushpay University

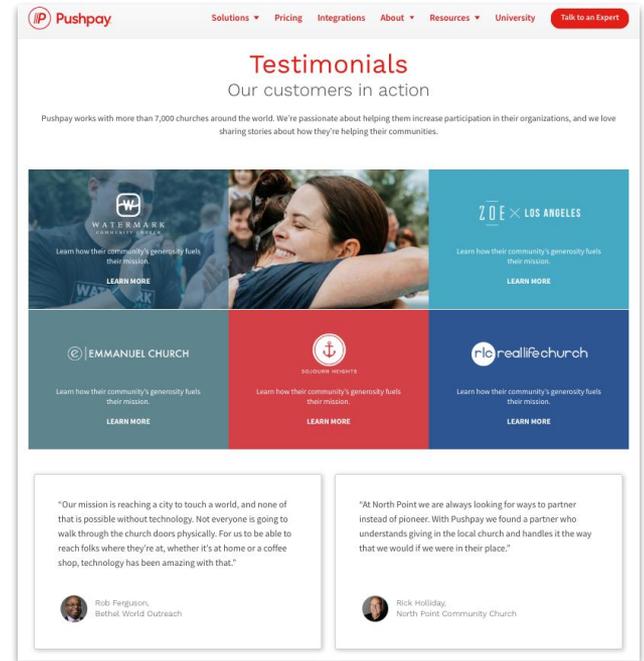
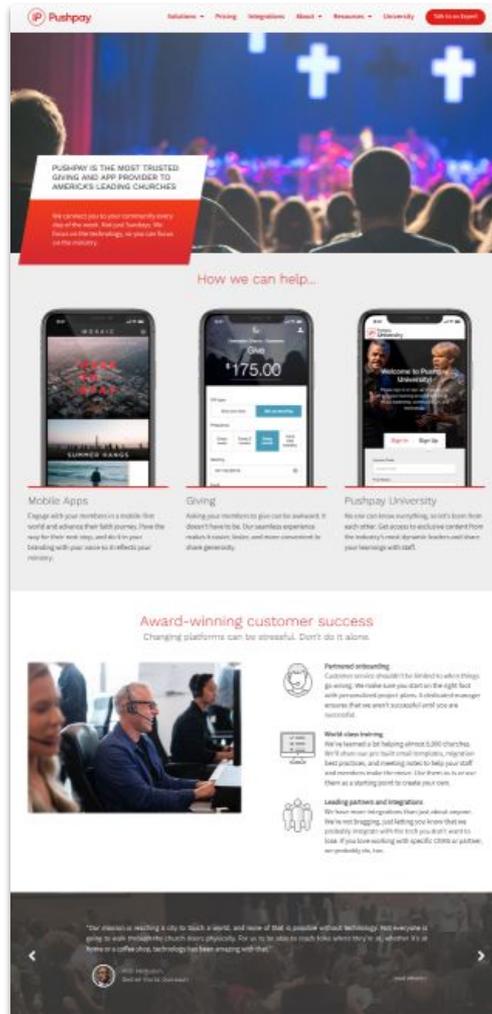
- Launched at Summit
- Thought leadership
- Expanded curriculum



The screenshot shows the Pushpay University website landing page. At the top, there is a navigation bar with the Pushpay logo, menu items for Solutions, Pricing, Integrations, About, Resources, and University, and a 'Talk to an Expert' button. The main content area features a large video player with a play button, a grid of course thumbnails, and two call-to-action boxes. The 'Pushpay Customers' box offers access to the Customer Success team, and the 'Future Customers' box offers a free 14-day trial. The footer contains the Pushpay University logo and a tagline: 'Learn from industry experts in leadership, communication, and technology, and get equipped to face the current and future challenges facing your organization.'

Website refresh

- Messaging
- Imagery
- New page performance
 - 31% increase in visitors
 - 28% increase in form fills
 - 4% more time on homepage



- Next steps:
 - Customer stories that reflect our base
 - Show diversity across denomination, size and region

Pushpay Cares

Vision for volunteering

- ✓ Enable staff to give back to the community
- ✓ Support and organise quarterly volunteer events
- ✓ Partner with Customers and key philanthropic organisations
- ✓ Self-governing group to contribute, plan and execute
- ✓ Make a difference through generosity

How we've already made a difference

- **August 15:** YWCA clothing drive: Redmond, Washington, US
- **August 17:** Churchome: Serve Your City, Seattle, Washington, US
- **October 4:** Beach clean up: Mission Bay, Auckland, New Zealand
- **October 5:** Love Snoqualmie Valley: Cover the Valley with Kindness



Churchome: Serve Your City
Seattle, Washington, US

Finance update



Income Statement

| | <i>Six months ended</i> <i>30 September 2019</i> | <i>Six months ended</i> <i>30 September 2018</i> | <i>Movement</i> | |
|--|---|---|-----------------|-------------------|
| | <i>US\$000</i> | <i>US\$000</i> | <i>US\$000</i> | <i>Change</i> |
| Revenue | 57,381 | 44,012 | 13,369 | 30% |
| Total expenses | (48,880) | (48,132) | (748) | 2% |
| Net profit/(loss) before tax | 8,501 | (4,120) | 12,621 | 306% [†] |
| Total comprehensive profit/(loss) for the year | 3,701 | (5,753) | 9,454 | 164% [†] |

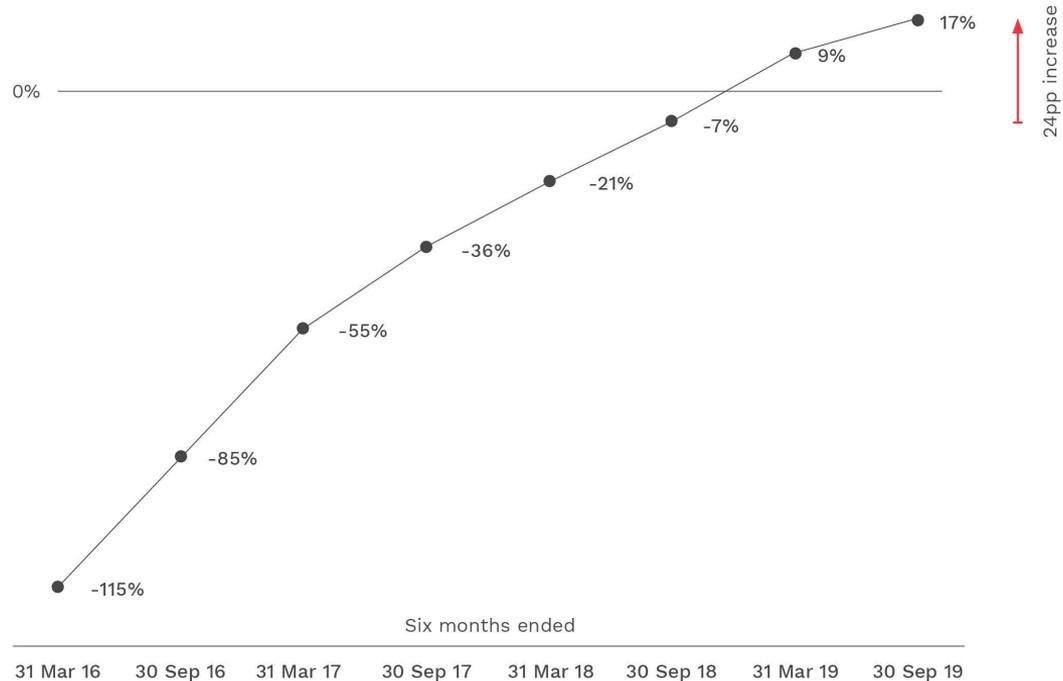
[†] Improved percentage variance

Income Statement

| | <i>Six months ended</i> 30 September 2019 | <i>Six months ended</i> 30 September 2018 | <i>Movement</i> | |
|---|--|--|-----------------|-------------------|
| | <i>US\$000</i> | <i>US\$000</i> | <i>US\$000</i> | <i>Change</i> |
| Revenue | 57,381 | 44,012 | 13,369 | 30% |
| Gross profit | 36,456 | 24,453 | 12,003 | 49% |
| Operating expenses | (30,167) | (30,670) | 503 | -2% |
| Net profit/(loss) | 6,481 | (4,400) | 10,881 | 247% [†] |
| Total comprehensive profit/(loss) for the year | 3,701 | (5,753) | 9,454 | 164% [†] |
| <i>Percentage of operating revenue</i> | 7% | -13% | - | 20pp |

Note - pp means percentage point.

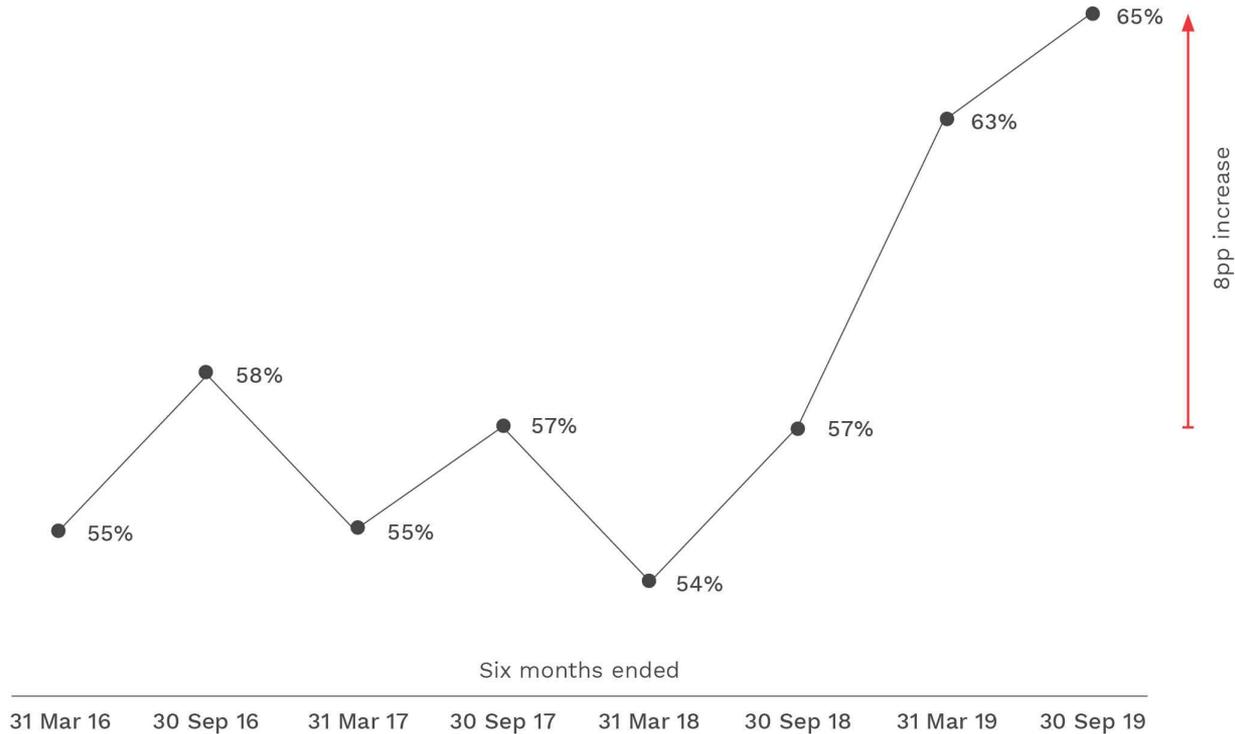
EBITDAF as a percentage of operating revenue



Business results and gross profit

| | <i>Six months ended</i> 30 September 2019 | <i>Six months ended</i> 30 September 2018 | <i>Movement</i> | |
|--------------------------------|--|--|-----------------|---------------|
| | <i>US\$000</i> | <i>US\$000</i> | <i>US\$000</i> | <i>Change</i> |
| Subscription revenue | 15,269 | 12,543 | 2,726 | 22% |
| Processing revenue | 40,775 | 30,212 | 10,563 | 35% |
| Total operating revenue | 56,044 | 42,755 | 13,289 | 31% |
| Third party direct costs | (19,588) | (18,302) | (1,286) | 7% |
| Gross profit | 36,456 | 24,453 | 12,003 | 49% |
| <i>Gross margin percentage</i> | <i>65%</i> | <i>57%</i> | <i>-</i> | <i>8pp</i> |

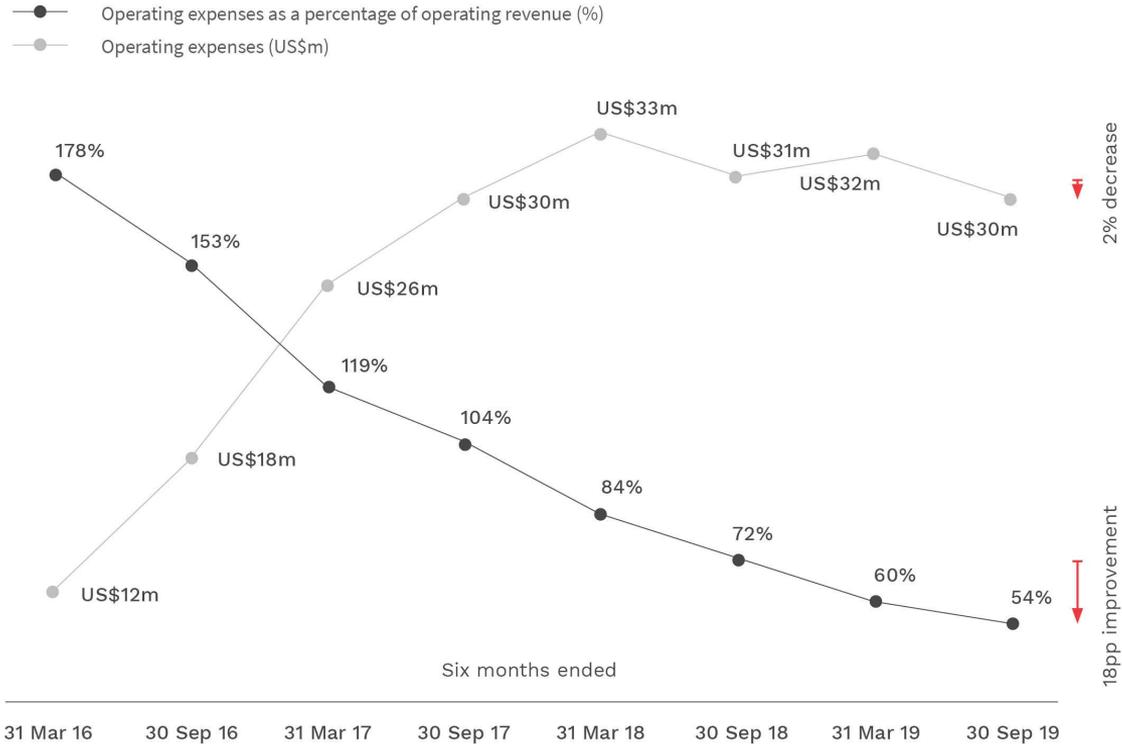
Gross margin percentage



Operating expenses (ex third party direct costs)

| | <i>Six months ended 30 September 2019</i> | <i>Six months ended 30 September 2018</i> | <i>Movement</i> | |
|--|---|---|-----------------|---------------|
| | <i>US\$000</i> | <i>US\$000</i> | <i>US\$000</i> | <i>Change</i> |
| Product design and development | 7,759 | 8,362 | (603) | -7% |
| Sales and marketing | 13,840 | 14,062 | (222) | -2% |
| Customer success | 3,221 | 2,728 | 493 | 18% |
| General and administration | 5,347 | 5,518 | (171) | -3% |
| Total operating expenses | 30,167 | 30,670 | (503) | -2% |
| <i>Percentage of operating revenue</i> | <i>54%</i> | <i>72%</i> | <i>-</i> | <i>-18pp</i> |

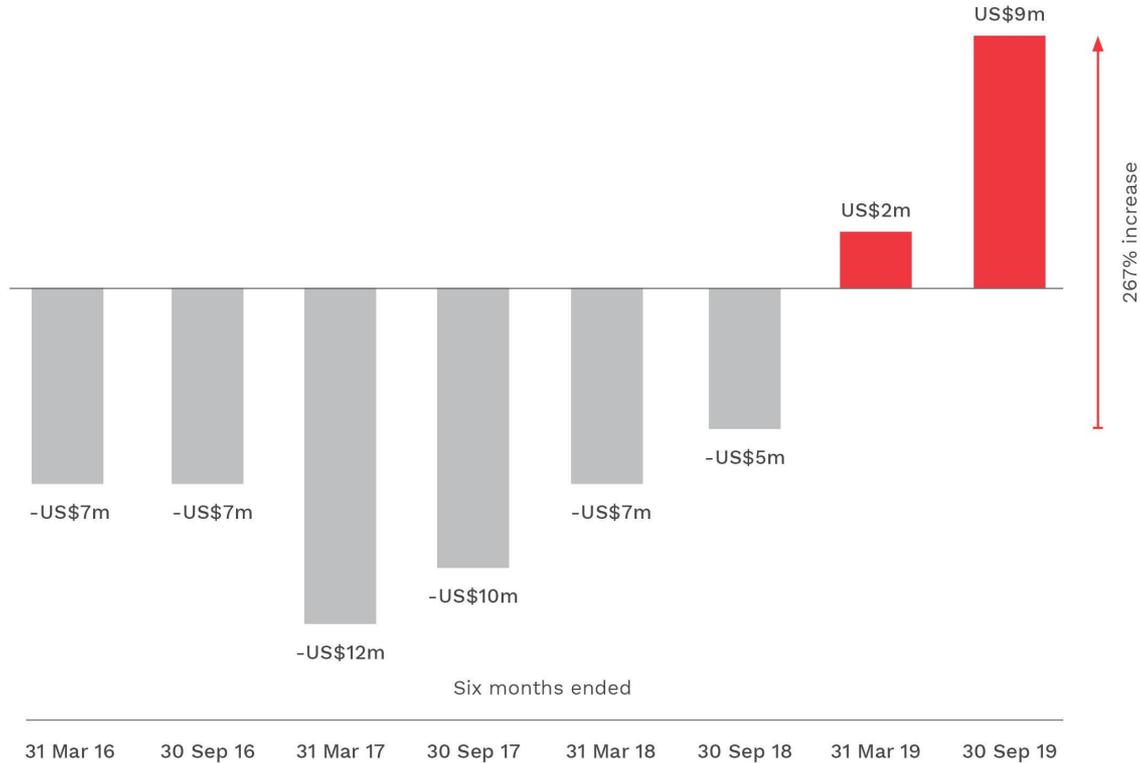
Operating expenses



Statement of Cash Flows

| | <i>Six months ended</i> <i>30 September 2019</i> | <i>Six months ended</i> <i>30 September 2018</i> | <i>Movement</i> | |
|---|---|---|-----------------|-------------------------|
| | <i>US\$000</i> | <i>US\$000</i> | <i>US\$000</i> | <i>Change</i> |
| Receipts from customers | 38,054 | 25,665 | 12,389 | 48% |
| Other operating cash flows | (29,146) | (30,772) | 1,626 | -5% |
| Total cash flows from operating activities | 8,908 | (5,107) | 14,015 | 274%[†] |
| Investing cash flows | (212) | (115) | (97) | 84% |
| Total operating and investing cash flows | 8,696 | (5,222) | 13,918 | 267%[†] |
| Payment of lease liabilities | (567) | - | (567) | 100% |
| Payment for short-term deposits | (13,000) | - | (13,000) | 100% |
| Foreign currency translation adjustment | 830 | (131) | 961 | 734% [†] |
| Net movement in cash and cash equivalents | (4,041) | (5,353) | 1,312 | -25% |

Total operating cash flows



Statement of Financial Position

| | <i>As at</i> <i>30 September 2019</i> | <i>As at</i> <i>30 March 2019</i> | <i>Movement</i> | |
|---------------------------|--|--------------------------------------|-----------------|---------------|
| | <i>US\$000</i> | <i>US\$000</i> | <i>US\$000</i> | <i>Change</i> |
| Cash and cash equivalents | 9,885 | 13,926 | (4,041) | -29% |
| Short-term deposits | 13,000 | - | 13,000 | 100% |
| Other assets | 38,544 | 39,799 | (1,255) | -3% |
| Unearned revenue | (7,830) | (7,097) | (733) | 10% |
| Other liabilities | (8,546) | (5,834) | (2,712) | 46% |
| Net assets/total equity | 45,053 | 40,794 | 4,259 | 10% |



Outlook

FY20 guidance reiterated

Guidance for the year ending 31 March 2020:

- Operating revenue of between US\$121.0 million and US\$124.0 million
- Gross margin of over 63%
- EBITDAF of between US\$23.0 million and US\$25.0 million
- Total Processing Volume of between US\$4.8 billion and US\$5.0 billion

A group of people, including men and women, are sitting together in a row. They are dressed in casual to business-casual attire. Several individuals are holding and using mobile devices: a smartphone, a tablet, and a laptop. The scene is brightly lit, suggesting an indoor setting like a meeting or a workshop. The overall atmosphere is collaborative and focused on technology.

Questions

Appendix



Staff headcount

| <i>As at 30 September</i> | <i>2019</i> | <i>2018</i> | <i>Change</i> |
|--------------------------------|-------------|-------------|---------------|
| Product design and development | 94 | 96 | -2% |
| Sales and marketing | 138 | 134 | 3% |
| Customer success | 68 | 59 | 15% |
| General and administration | 60 | 65 | -8% |
| Total Group | 360 | 354 | 2% |

Key metric definitions

Annual Revenue Retention Rate – is revenue retained from Customers and is measured by the amount of revenue at the end of the period, over the amount of revenue from the end of the previous period for Customers who joined Pushpay prior to the end of the previous period.

Average Revenue Per Customer (ARPC) – is the combination of monthly Subscription Fees and Volume Fees divided by total Customers. Subscription Fees are based on the Customer product holding, which can vary based on the size of the Customer and Volume Fees are based on payment transaction volume. For Customers who use Pushpay's payment solution, Volume Fees are recognised on a gross basis and associated costs payable to issuing banks, processing partners and the card brands, such as Visa and MasterCard, are classified as expenses. The in-month average Volume Fee per Customer is used for the Volume Fee component of ARPC.

Cash and Cash Equivalents – is cash on hand; deposits held at call with financial institutions; and other short-term, highly liquid investments readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value.

Customer – is an entity that utilises one or more Pushpay products. Pushpay reports Customers that have entered into an agreement and completed the paperwork necessary to set up their service. Pushpay views Customers with 0-199 average weekly attendees as small, 200-1,099 average weekly attendees as medium and 1,100 or more average weekly attendees as large.

Customer Acquisition Cost (CAC) – is sales, marketing and implementation costs divided by the number of new Customers added over a certain period of time.

Earnings before Interest, Tax, Depreciation, Amortisation and Foreign Currency (gains)/losses (EBITDAF) – is a non-GAAP financial measure calculated by adding back net interest income, depreciation and amortisation, income tax expense and net foreign currency gains/losses to net profit/(loss).

Lifetime Value (LTV) – is the gross margin expected from a Customer over the lifetime of that Customer. This is calculated by taking the ARPC multiplied by 12, multiplied by the gross profit percentage, multiplied by the average Customer lifetime (the average Customer lifetime is one divided by churn, being one minus the Annual Revenue Retention Rate). A 97.5% Annual Revenue Retention Rate is used for the purposes of the calculation. Total LTV is calculated as LTV multiplied by total Customers.

Months to Recover CAC – CAC months or months of ARPC to recover CAC is the number of months of revenue required to recover the cost of acquiring each new Customer.

Net Profit after Tax (NPAT) – is calculated in accordance with NZ IFRS.

Operating Revenue – is receipts received from Customers calculated in accordance with IFRS accounting standards.

Short-term Deposits – is term deposits at financial institutions which are not used for cash management purposes and typically have an initial term of more than three months but less than one year.

Staff Headcount – is total employees at a specific point in time.

Subscription Fees – is recurring fees based on Customer product holding which can vary based on the size of the Customer (in the case of the faith sector, size is based on average weekly attendance).

Total Processing Volume – is payment transaction volume through the Pushpay payment platform, that Pushpay derives revenue from within a period.

Total Revenue – is receipts received from Customers and other income calculated in accordance with IFRS accounting standards.

Volume Fees – is variable fee income generated from payment transaction volume (in the case of the faith sector, this is usually a percentage of total donations).

